

IOWA COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2012

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IOWA COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dale Walter	Board of Supervisors	Jan. 2013
Ray Garringer	Board of Supervisors	Jan. 2013
Kevin Heitshusen	Board of Supervisors	Jan. 2015
Vicki Pope	Board of Supervisors	Jan. 2015
Kim Tanke	Board of Supervisors	Jan. 2015
Kristen Miller	County Auditor	Jan. 2013
Michelle Sims	County Treasurer	Jan. 2015
Sue Peterson	County Recorder	Jan. 2015
Robert Rotter	County Sheriff	Jan. 2013
Timothy McMeen	County Attorney	Jan. 2015
Linda Griggs	County Assessor	Jan. 2016

INDEPENDENT AUDITOR'S REPORT

To the Officials of Iowa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County at June 30, 2012 and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2013 on our consideration of Iowa County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of County management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
February 27, 2013

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Basic Financial Statements

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,254,451
Investment held by fiscal agent	1,981,729
Receivables:	
Property tax:	
Delinquent	20,234
Succeeding year	7,435,000
Interest and penalty on property tax	27,440
Accounts	58,935
Accrued interest	6,639
Drainage assessments	174,363
Due from other governments	592,122
Inventories	246,611
Prepaid expenses	41,657
Capital assets, net of accumulated depreciation/amortization (note 4)	<u>24,908,047</u>
Total assets	<u>41,747,228</u>
Liabilities	
Accounts payable	569,891
Salaries and benefits payable	116,721
Due to other governments (note 5)	226,131
Accrued interest payable	27,524
Deferred revenue:	
Succeeding year property tax	7,435,000
Long-term liabilities (note 6):	
Portion due or payable within one year:	
General obligation bonds	424,000
Revenue bonds and notes	450,000
Drainage warrants	20,000
Compensated absences	555,277
Portion due or payable after one year:	
General obligation bonds	4,862,000
Revenue bonds and notes	810,000
Drainage warrants	160,000
Compensated absences	61,697
Net OPEB liability	<u>50,000</u>
Total liabilities	<u>15,768,241</u>

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2012

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 21,700,864
Restricted for:	
Supplemental levy purposes	599,816
Mental health purposes	794,119
Rural services purposes	171,420
Secondary roads purposes	1,792,280
Conservation purposes	369,291
Prisoner room and board	8,578
Cemetery levy purposes	21,546
Other purposes	124,133
Unrestricted	<u>396,940</u>
Total net assets	\$ <u><u>25,978,987</u></u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions		
Governmental Activities:						
Public safety and legal services	\$ 2,939,400	\$ 576,692	\$ 11,426	\$ -	\$ (2,351,282)	
Physical health and social services	988,664	371,872	351,329	-	(265,463)	
Mental health	1,709,047	1,589	1,152,510	-	(554,948)	
County environment and education	1,151,707	98,683	101,180	-	(951,844)	
Roads and transportation	6,966,642	156,349	3,530,264	2,641	(3,277,388)	
Government services to residents	560,408	326,137	-	-	(234,271)	
Administration	1,429,015	247,602	5,000	-	(1,176,413)	
Non-program	76,583	304	-	-	(76,279)	
Interest on long-term debt	307,013	-	-	-	(307,013)	
Total	\$ 16,128,479	\$ 1,779,228	\$ 5,151,709	\$ 2,641	(9,194,901)	

General Revenues:

Property and other county tax levied for:	
General purposes	6,705,913
Debt service	501,210
Penalty and interest on property tax	50,114
State tax credits	238,672
Local option sales and services tax	1,635,369
Hotel/motel tax	139,891
Unrestricted investment earnings	77,328
Miscellaneous	<u>2,697</u>
Total general revenues	<u>9,351,194</u>
Change in net assets	156,293
Net assets beginning of year	<u>25,822,694</u>
Net assets end of year	\$ <u><u>25,978,987</u></u>

See notes to financial statements.

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IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,595,984	\$ 1,063,993	\$ 211,777	\$ 1,890,551
Investment held by fiscal agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	10,881	2,070	5,892	-
Succeeding year	3,677,000	699,000	1,863,000	-
Interest and penalty on property tax	27,440	-	-	-
Accounts	56,354	-	1,534	359
Accrued interest	6,639	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	25,787	3,619	-	526,238
Inventories	-	-	-	246,611
Prepaid expenses	41,657	-	-	-
Total assets	<u>\$ 6,441,742</u>	<u>\$ 1,768,682</u>	<u>\$ 2,082,203</u>	<u>\$ 2,663,759</u>

<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 27,240	\$ 464,906	\$ 6,254,451
1,981,729	-	1,981,729
1,391	-	20,234
498,000	698,000	7,435,000
-	-	27,440
688	-	58,935
-	-	6,639
-	174,363	174,363
-	36,478	592,122
-	-	246,611
-	-	41,657
<u>\$ 2,509,048</u>	<u>\$ 1,373,747</u>	<u>\$ 16,839,181</u>

IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 69,833	\$ 34,380	\$ -	\$ 460,927
Salaries and benefits payable	47,251	1,645	-	67,825
Due to other governments (note 5)	8,129	217,139	-	863
Deferred revenue:				
Succeeding year property tax	3,677,000	699,000	1,863,000	-
Other	34,638	1,601	4,359	-
Total liabilities	<u>3,836,851</u>	<u>953,765</u>	<u>1,867,359</u>	<u>529,615</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	246,611
Prepaid expenses	41,657	-	-	-
Restricted for:				
Supplemental levy purposes	633,210	-	-	-
Cemetery levy purposes	21,528	-	-	-
Conservation purposes	357,703	-	-	-
Prisoner room and board	8,578	-	-	-
Mental health purposes	-	814,917	-	-
Rural services purposes	-	-	214,844	-
Secondary roads purposes	-	-	-	1,887,533
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned:				
County Sheriff	9,173	-	-	-
Unassigned	1,533,042	-	-	-
Total fund balances	<u>2,604,891</u>	<u>814,917</u>	<u>214,844</u>	<u>2,134,144</u>
Total liabilities and fund balances	<u>\$ 6,441,742</u>	<u>\$ 1,768,682</u>	<u>\$ 2,082,203</u>	<u>\$ 2,663,759</u>

See notes to financial statements.

<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ 4,751	\$ 569,891
-	-	116,721
-	-	226,131
498,000	698,000	7,435,000
1,095	174,363	216,056
<u>499,095</u>	<u>877,114</u>	<u>8,563,799</u>
-	-	246,611
-	-	41,657
-	-	633,210
-	-	21,528
-	11,588	369,291
-	-	8,578
-	-	814,917
-	-	214,844
-	-	1,887,533
2,009,953	221,723	2,231,676
-	123,817	123,817
-	139,505	139,505
-	-	9,173
-	-	1,533,042
<u>2,009,953</u>	<u>496,633</u>	<u>8,275,382</u>
<u>\$ 2,509,048</u>	<u>\$ 1,373,747</u>	<u>\$ 16,839,181</u>

IOWA COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances of governmental funds	\$ 8,275,382
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$43,497,913 and the accumulated depreciation/amortization is \$18,589,866.	24,908,047
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	216,056
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(27,524)
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Long-term liabilities, including bonds and notes payable, drainage warrants, compensated absences payable, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(7,392,974)</u>
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Net assets of governmental activities	\$ <u><u>25,978,987</u></u>
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See notes to financial statements.

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IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 3,507,337	\$ 701,323	\$ 1,776,933	\$ 1,635,369
Interest and penalty on property tax	43,783	-	-	-
Intergovernmental	888,436	1,179,042	64,854	3,555,717
Licenses and permits	23,711	-	-	2,725
Charges for service	949,505	-	-	-
Use of money and property	278,011	-	-	3,236
Miscellaneous	122,239	1,589	1,125	153,624
Total revenues	5,813,022	1,881,954	1,842,912	5,350,671
Expenditures:				
Operating:				
Public safety and legal services	2,299,521	-	502,587	-
Physical health and social services	991,875	-	-	-
Mental health	-	1,705,557	-	-
County environment and education	487,399	-	205,634	-
Roads and transportation	-	-	-	6,302,316
Government services to residents	528,095	-	-	-
Administration	1,333,271	-	3,275	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	223,954
Total expenditures	5,640,161	1,705,557	711,496	6,526,270
Excess (deficiency) of revenues over (under) expenditures	172,861	176,397	1,131,416	(1,175,599)
Other financing sources (uses):				
Interfund transfers in (note 3)	-	-	-	1,136,000
Interfund transfers out (note 3)	-	-	(1,136,000)	(87,638)
General obligation bonds issued (note 6)	-	-	-	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	-	-	(1,136,000)	1,048,362

	Debt Service	Nonmajor	Total
\$	501,033	\$ 857,198	\$ 8,979,193
	-	-	43,783
	17,032	27,590	5,732,671
	-	-	26,436
	-	3,612	953,117
	777	1,771	283,795
	-	71,619	350,196
	518,842	961,790	16,369,191
	-	17,088	2,819,196
	-	-	991,875
	-	-	1,705,557
	-	146,141	839,174
	-	-	6,302,316
	-	11,698	539,793
	-	-	1,336,546
	-	126,583	126,583
	573,346	840,012	1,413,358
	-	66,741	290,695
	573,346	1,208,263	16,365,093
	(54,504)	(246,473)	4,098
	-	87,638	1,223,638
	-	-	(1,223,638)
	2,040,000	-	2,040,000
	-	30,000	30,000
	2,040,000	117,638	2,070,000

IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Net change in fund balances	\$ 172,861	\$ 176,397	\$ (4,584)	\$ (127,237)
Fund balances beginning of year	2,432,030	638,520	219,428	2,261,381
Fund balances end of year	<u>\$ 2,604,891</u>	<u>\$ 814,917</u>	<u>\$ 214,844</u>	<u>\$ 2,134,144</u>

See notes to financial statements.

	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$	1,985,496	\$ (128,835)	\$ 2,074,098
	<u>24,457</u>	<u>625,468</u>	<u>6,201,284</u>
\$	<u><u>2,009,953</u></u>	\$ <u><u>496,633</u></u>	\$ <u><u>8,275,382</u></u>

IOWA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 2,074,098

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets. The amount of capital outlay
expenditures and depreciation expense in the current year are as follows:

Expenditures for capital assets	\$ 470,768	
Depreciation expense	<u>(1,729,814)</u>	(1,259,046)

Because some revenues will not be collected for several months after the
County's year end, they are not considered available revenues and are
deferred in the governmental funds, as follows:

Property tax	3,190	
Other	<u>(87,609)</u>	(84,419)

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds, but issuing debt increases long-term liabilities in the
Statement of Net Assets and does not affect the Statement of Activities. (2,070,000)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of
Net Assets. 1,481,465

Some expenses reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in the governmental funds, as follows:

Compensated absences	32,850	
Net OPEB liability	(17,000)	
Interest on long-term debt	<u>(1,655)</u>	<u>14,195</u>

Change in net assets of governmental activities \$ 156,293

See notes to financial statements.

IOWA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2012

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,224,360
Other County officials	29,082
Receivables:	
Property tax:	
Delinquent	47,214
Succeeding year	17,334,000
Accounts	55,087
Due from other governments	9,335
Prepaid expenses	<u>19,835</u>
 Total assets	 <u><u>\$ 18,718,913</u></u>

Liabilities

Accounts payable	\$ 1,636
Salaries and benefits payable	257
Due to other governments (note 5)	18,643,628
Trusts payable	33,323
Compensated absences	<u>40,069</u>
 Total liabilities	 <u><u>\$ 18,718,913</u></u>

See notes to financial statements.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies

Iowa County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Iowa County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Iowa County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Iowa County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Emergency Management Commission, and Iowa County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation, and developmental disabilities services.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal, interest and fiscal charges on long-term debt.

Additionally, the County reports the following funds:

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit, which are stated at cost.

Investment Held By Fiscal Agent – The County has investments raised through the sale of crossover refunding bonds issued by the County that are held in an escrow trust by the County's fiscal agent. The investments in the escrow trust are stated at fair value.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Intangibles	\$ 25,000
Infrastructure	100,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Intangibles	15
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable, delinquent property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the roads and transportation function. Disbursements did not exceed departmental appropriations.

Note 2. Cash, Pooled Investments and Investment Held By Fiscal Agent

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 2. Cash, Pooled Investments and Investment Held By Fiscal Agent (continued)

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2012, the County had investments in U.S. Treasury Note State and Local Government Series securities which are valued at fair value of \$1,981,729.

Credit Risk – The investment in U.S. Treasury Note State and Local Government Series securities is not subject to credit rating.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 1,136,000
Debt Service: Debt Service Sinking	Secondary Roads	<u>87,638</u>
		<u>\$ 1,223,638</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,190,371	\$ -	\$ -	\$ 1,190,371
Construction in progress	1,850,343	-	1,850,343	-
Total capital assets not being depreciated/amortized	<u>3,040,714</u>	<u>-</u>	<u>1,850,343</u>	<u>1,190,371</u>
Capital assets being depreciated/amortized:				
Buildings	8,211,807	129,744	-	8,341,551
Improvements other than buildings	-	60,788	-	60,788
Machinery and equipment	6,876,035	494,890	132,896	7,238,029
Intangibles	194,250	26,130	-	220,380
Infrastructure	24,837,235	1,609,559	-	26,446,794
Total capital assets being depreciated/amortized	<u>40,119,327</u>	<u>2,321,111</u>	<u>132,896</u>	<u>42,307,542</u>
Less accumulated depreciation/amortization for:				
Buildings	2,898,030	230,141	-	3,128,171
Improvements other than buildings	-	2,026	-	2,026
Machinery and equipment	5,120,084	662,199	132,896	5,649,387
Intangibles	25,900	14,692	-	40,592
Infrastructure	8,948,934	820,756	-	9,769,690
Total accumulated depreciation/amortization	<u>16,992,948</u>	<u>1,729,814</u>	<u>132,896</u>	<u>18,589,866</u>
Total capital assets being depreciated/amortized, net	<u>23,126,379</u>	<u>591,297</u>	<u>-</u>	<u>23,717,676</u>
Governmental activities capital assets, net	<u>\$ 26,167,093</u>	<u>\$ 591,297</u>	<u>\$ 1,850,343</u>	<u>\$ 24,908,047</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4. Capital Assets (continued)

Depreciation/amortization expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 208,577
Physical health and social services	29,237
Mental health	875
County environment and education	49,336
Roads and transportation	1,308,490
Government services to residents	12,950
Administration	<u>120,349</u>

Total depreciation/amortization expense - governmental activities	<u><u>\$ 1,729,814</u></u>
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Note 5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 8,129
Special Revenue:		
Mental Health		217,139
Secondary Roads		<u>863</u>
Total for governmental funds		<u><u>\$ 226,131</u></u>
Agency:		
County Assessor	Collections	\$ 826,594
Schools		11,665,882
Area Schools		839,309
Corporations		4,203,968
Townships		266,228
Auto License and Use Tax		350,533
All Other		<u>491,114</u>
Total for agency funds		<u><u>\$ 18,643,628</u></u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
General Obligation County Purpose Bonds	\$ 229,000	\$ -	\$ 43,000	\$ 186,000	\$ 44,000
General Obligation County Law Enforcement Center Bonds	2,805,000	-	165,000	2,640,000	175,000
General Obligation Refunding Bonds	-	2,040,000	-	2,040,000	-
General Obligation Courthouse Improvement Bonds	190,000	-	95,000	95,000	95,000
General Obligation Computer Data Base System Bonds	430,000	-	105,000	325,000	110,000
Urban Renewal Tax Increment Revenue Bonds	1,795,000	-	620,000	1,175,000	365,000
Road Use Tax Revenue Notes	165,000	-	80,000	85,000	85,000
Drainage Warrants	200,000	30,000	50,000	180,000	20,000
Capital Lease Purchase Agreement	323,465	-	323,465	-	-
Compensated Absences	649,824	551,632	584,482	616,974	555,277
Net OPEB Liability	33,000	17,000	-	50,000	-
Total	\$ <u>6,820,289</u>	\$ <u>2,638,632</u>	\$ <u>2,065,947</u>	\$ <u>7,392,974</u>	\$ <u>1,449,277</u>

General Obligation County Purpose Bonds

Details of the County's June 30, 2012 general obligation County purpose bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	3.22 %	\$ 44,000	\$ 5,989	\$ 49,989
2014	3.22	46,000	4,572	50,572
2015	3.22	47,000	3,091	50,091
2016	3.22	49,000	1,578	50,578
		\$ <u>186,000</u>	\$ <u>15,230</u>	\$ <u>201,230</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 6. Long-Term Liabilities (continued)

General Obligation County Law Enforcement Center Bonds

Details of the County's June 30, 2012 general obligation County law enforcement center bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	3.95 %	\$ 175,000	\$ 122,443	\$ 297,443
2014	4.10	180,000	115,530	295,530
2015	4.20	185,000	108,150	293,150
2016	4.35-5.15	2,100,000	100,380	2,200,380
		<u>\$ 2,640,000</u>	<u>\$ 446,503</u>	<u>\$ 3,086,503</u>

General Obligation Refunding Bonds

On April 10, 2012 the County issued \$2,040,000 of general obligation refunding bonds with interest rates ranging from .9% to 2.0% to crossover refund the general obligation County law enforcement center bonds issued on August 1, 2004 with interest rates ranging from 4.45% to 5.15%. Of the net proceeds of \$1,995,727 from the issuance of the April 10, 2012 refunding bonds, \$13,997 was wired to the County and \$1,981,730 was placed in escrow and will be used to refund the August 1, 2004 general obligation County law enforcement center bonds on their call date of June 1, 2016 and to make semi-annual interest payments on the new crossover refunding bond issue until that call date. This is a crossover refunding agreement and does not meet the requirements of a debt defeasance. Therefore, the August 1, 2004 bonds will remain as a long-term liability of the County until the call date of June 1, 2016.

As a result of the crossover refunding, the County reduced its total debt service requirements by \$155,185, which resulted in a net present value economic gain of \$136,772.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 6. Long-Term Liabilities (continued)

General Obligation Refunding Bonds (continued)

Details of the County's June 30, 2012 general obligation refunding bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	0.90 %	\$ -	\$ 36,280	\$ 36,280
2014	0.90	-	31,098	31,098
2015	0.90	-	31,097	31,097
2016	0.90	-	31,097	31,097
2017	0.90	245,000	31,097	276,097
2018	1.10	245,000	28,893	273,893
2019	1.30	250,000	26,198	276,198
2020	1.45	250,000	22,947	272,947
2021	1.65	255,000	19,323	274,323
2022	1.80	260,000	15,115	275,115
2023	1.90	265,000	10,435	275,435
2024	2.00	270,000	5,400	275,400
		<u>\$ 2,040,000</u>	<u>\$ 288,980</u>	<u>\$ 2,328,980</u>

General Obligation Courthouse Improvement Bonds

Details of the County's June 30, 2012 general obligation courthouse improvement bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	4.02 %	\$ <u>95,000</u>	\$ <u>3,819</u>	\$ <u>98,819</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 6. Long-Term Liabilities (continued)

General Obligation Computer Data Base System Bonds

Details of the County's June 30, 2012 general obligation computer data base system bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	3.30 %	\$ 110,000	\$ 11,047	\$ 121,047
2014	3.45	215,000	7,418	222,418
		<u>\$ 325,000</u>	<u>\$ 18,465</u>	<u>\$ 343,465</u>

Urban Renewal Tax Increment Revenue Bonds

Details of the County's June 30, 2012 urban renewal tax increment revenue bonds are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	5.00 %	\$ 365,000	\$ 54,250	\$ 419,250
2014	5.00	390,000	35,625	425,625
2015	5.00	420,000	15,750	435,750
		<u>\$ 1,175,000</u>	<u>\$ 105,625</u>	<u>\$ 1,280,625</u>

The County has pledged future tax increment financing revenues to repay the \$1,795,000 in tax increment revenue bonds issued in July, 2010. The bonds were issued to provide an economic development grant for a local manufacturer under authority of Chapter 403.9 and 403.19(2) of the Code of Iowa and are payable solely from tax increment financing revenues received by the County. The bonds are payable through the year ending June 30, 2015. The bonds are not a general obligation of the County. Annual principal and interest payments on the bonds are expected to require approximately 60 percent of levied tax increment financing revenues dedicated to the bond revenue fund. Total principal and interest payments remaining to be paid on the bonds is \$1,280,625. For the current year, principal and interest of \$702,000 was paid from the tax increment levy revenues.

The resolution providing for the issuance of the urban renewal tax increment revenue bonds includes the following provisions:

- (a) The original grant total of \$1,500,000 was deposited into and paid from the construction fund.
- (b) The principal and interest payments will be made from the urban renewal tax revenue fund from the tax increment financing revenues.
- (c) A reserve fund was created and will hold 10 percent of the original bond proceeds until the close of the bond issue or otherwise needed.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 6. Long-Term Liabilities (continued)

Road Use Tax Revenue Notes

Details of the County's June 30, 2012 road use tax revenue note indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	4.35 %	\$ <u>85,000</u>	\$ <u>3,698</u>	\$ <u>88,698</u>

The County pledged future road use tax revenues to repay the \$450,000 notes issued in August 2006. The notes were issued for the purpose of financing a portion of the costs of improvements to County roads located in the Amana Villages. The notes are payable solely from the proceeds of the road use tax revenues received by the County for use in the Amana Villages in accordance with Chapter 331 of the Code of Iowa. The notes are payable through June 30, 2013. The notes are not a general obligation of the County. Annual principal and interest payments on the notes are expected to require approximately 58 percent of the road use tax revenues dedicated to the Amana Villages. The total principal and interest remaining to be paid on the notes is \$88,698. For the current year, principal and interest of \$87,137 was paid on the notes and road use tax revenues dedicated to the Amana Villages totaled \$153,908.

The resolution providing for the issuance of the road use tax revenue notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the road use tax revenues received by the County as noted above and the note holders hold a lien on the future revenues received.
- (b) Sufficient monthly deposits amounting to one sixth of the next principal and interest payments shall be made to the Road Use Tax Revenue Notes Sinking Fund for the purpose of making the note principal and interest payments when due.

Drainage Warrants

During the year ended June 30, 2012, the County issued \$30,000 in drainage warrants dated March 30, 2012 with interest rates ranging from 3.45% to 3.70%. The drainage warrants are payable through the year ending June 30, 2019.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 6. Long-Term Liabilities (continued)

Drainage Warrants (continued)

Details of the County's June 30, 2012 drainage warrant indebtedness are as follows:

Year Ending June 30,	Issue dated January 4, 2008			
	Interest Rates	Principal	Interest	Total
2013	4.45 %	\$ 20,000	\$ 4,462	\$ 24,462
2014	4.45	20,000	3,560	23,560
2015	4.45	30,000	2,670	32,670
2016	4.45	30,000	1,335	31,335
Subtotal		100,000	12,027	112,027

Year Ending June 30,	Issue dated October 17, 2008			
	Interest Rates	Principal	Interest	Total
2013	4.95 %	\$ -	\$ 2,475	\$ 2,475
2014	4.95	-	2,475	2,475
2015	4.95	-	2,475	2,475
2016	4.95	-	2,482	2,482
2017	4.95	-	2,475	2,475
2018	4.95	30,000	1,735	31,735
2019	4.95	20,000	496	20,496
Subtotal		50,000	14,613	64,613

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 6. Long-Term Liabilities (continued)

Drainage Warrants (continued)

Year Ending June 30,	Issue dated March 30, 2012			
	Interest Rates	Principal	Interest	Total
2013	3.45-3.70 %	\$ -	\$ 1,060	\$ 1,060
2014	3.45-3.70	-	1,060	1,060
2015	3.45-3.70	-	1,060	1,060
2016	3.45-3.70	-	1,060	1,060
2017	3.45-3.70	-	1,060	1,060
2018	3.45-3.70	-	1,060	1,060
2019	3.45-3.70	30,000	1,060	31,060
Subtotal		30,000	7,420	37,420
Total		\$ 180,000	\$ 34,060	\$ 214,060

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 102 active members in the plan.

The medical/prescription drug coverage is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 7. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 17,368
Interest on net OPEB obligation	1,320
Adjustment to annual required contribution	<u>(940)</u>
Annual OPEB cost	17,748
Contributions made	<u>(748)</u>
Increase in net OPEB obligation	17,000
Net OPEB obligation beginning of year	<u>33,000</u>
Net OPEB obligation end of year	<u><u>\$ 50,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$748 to the medical plan.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 17,748	4.2%	\$ 50,000

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$127,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$127,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,306,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 7. Other Postemployment Benefits (OPEB) (continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table projected to 2010 using scale AA. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Urban Renewal Development Agreements

During the year ended June 30, 2005, the County entered into an urban renewal agreement to enable local economic expansion. The County has agreed to make economic development tax increment payments of \$.80 on each incremental dollar to the developer up to a maximum total of \$500,000. The payments will be made semi-annually through June 1, 2019, or until the developer's costs of \$500,000 have been met. The project is an expansion of a local hotel complex. The County is unable to prepare an amortization schedule for development payments due to the fluctuations inherent in property valuations and tax collections. The County paid \$14,641 in development payments to the contractor for the year ended June 30, 2012. Payments made on the agreement through June 30, 2012 total \$209,157, with a balance remaining of \$290,843.

During the year ended June 30, 2011, the County entered into an urban renewal agreement to enable local economic expansion. The County has agreed to make economic development tax increment payments to a local manufacturer of \$.85 on each incremental tax dollar up to a maximum total of \$5,000,000. Starting December 1, 2012, the payments will be made semi-annually through June 1, 2030, or until the total economic incentive of \$5,000,000 has been met. The project is for the expansion of the local manufacturer's office and factory facilities in return for retention of at least 400 full time or equivalent jobs in the local area. The County is unable to prepare an amortization schedule for development payments due to the fluctuations inherent in property valuations and tax collections. The County made no economic development payments under this agreement for the year ended June 30, 2012.

Note 9. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 9. Pension and Retirement Benefits (continued)

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$386,787, \$330,050 and \$313,541, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Iowa County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2012 were \$231,336.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 10. Risk Management (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$20,000 (\$50,000 for County Treasurer), respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Subsequent Events

Real Estate Contract

On July 2, 2012, the County finalized a real estate contract approved on June 29, 2012, totaling \$150,000. The County paid \$30,000 in earnest money on May 11, 2012 to hold the property for contract approval. The balance of \$120,000 will be made in 4 annual payments of \$30,000 plus interest at a 4% annual percentage rate.

Construction Contracts

On July 27, 2012, the County approved contracts totaling \$295,551 for bridge reconstruction projects.

Required Supplementary Information

IOWA COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds Required Supplementary Information Year Ended June 30, 2012

	Actual	Less Funds not Required to be Budgeted	Net
RECEIPTS:			
Property and other County tax	\$ 8,977,763	\$ -	\$ 8,977,763
Interest and penalty on property tax	44,856	-	44,856
Intergovernmental	5,695,515	-	5,695,515
Licenses and permits	27,368	-	27,368
Charges for service	980,523	-	980,523
Use of money and property	361,750	913	360,837
Miscellaneous	263,397	71,619	191,778
Total receipts	<u>16,351,172</u>	<u>72,532</u>	<u>16,278,640</u>
DISBURSEMENTS:			
Public safety and legal services	2,843,234	-	2,843,234
Physical health and social services	990,810	-	990,810
Mental health	1,667,215	-	1,667,215
County environment and education	837,161	-	837,161
Roads and transportation	5,975,092	-	5,975,092
Government services to residents	534,314	-	534,314
Administration	1,359,701	-	1,359,701
Non-program	125,622	125,622	-
Debt service	1,413,358	-	1,413,358
Capital projects	296,537	-	296,537
Total disbursements	<u>16,043,044</u>	<u>125,622</u>	<u>15,917,422</u>
Excess (deficiency) of receipts over (under) disbursements	308,128	(53,090)	361,218
Other financing sources, net	<u>2,070,000</u>	<u>30,000</u>	<u>2,040,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,378,128	(23,090)	2,401,218
Balance beginning of year	<u>5,858,052</u>	<u>71,934</u>	<u>5,786,118</u>
Balance end of year	<u>\$ 8,236,180</u>	<u>\$ 48,844</u>	<u>\$ 8,187,336</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 7,918,359	\$ 7,918,359	\$ 1,059,404
36,250	36,250	8,606
4,790,523	4,795,523	899,992
29,500	29,500	(2,132)
951,050	961,050	19,473
340,626	340,626	20,211
102,730	209,309	(17,531)
14,169,038	14,290,617	1,988,023
2,991,472	3,104,592	261,358
997,226	1,054,584	63,774
1,552,585	1,667,585	370
965,098	965,098	127,937
5,584,889	5,653,774	(321,318)
534,140	539,466	5,152
1,344,659	1,431,145	71,444
104,185	134,185	134,185
1,355,914	1,537,126	123,768
674,960	769,683	473,146
16,105,128	16,857,238	939,816
(1,936,090)	(2,566,621)	2,927,839
702,666	732,666	1,307,334
(1,233,424)	(1,833,955)	4,235,173
2,994,234	2,994,234	2,791,884
\$ <u>1,760,810</u>	\$ <u>1,160,279</u>	\$ <u>7,027,057</u>

IOWA COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation Required Supplementary Information Year Ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,351,172	\$ 18,019	\$ 16,369,191
Expenditures	16,043,044	322,049	16,365,093
Net	308,128	(304,030)	4,098
Other financing sources, net	2,070,000	-	2,070,000
Beginning fund balances	5,858,052	343,232	6,201,284
Ending fund balances	<u>\$ 8,236,180</u>	<u>\$ 39,202</u>	<u>\$ 8,275,382</u>

See accompanying independent auditor's report.

IOWA COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, internal service funds, and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$752,110. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the roads and transportation function. Disbursements did not exceed departmental appropriations.

IOWA COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2012

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 127	\$ 127	0.0%	\$ 4,208	3.0%
2011	July 1, 2009	0	127	127	0.0%	4,157	3.1%
2012	July 1, 2009	0	127	127	0.0%	4,306	2.9%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

IOWA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue				
	County Recorder's Records Management	Drainage Districts	Hotel/ Motel Tax	Resource Enhancement and Protection	Tax Increment Financing
ASSETS					
Cash and pooled investments	\$ 8,658	\$ 48,844	\$ 915	\$ 11,588	\$ 181,137
Receivables:					
Property tax:					
Succeeding year	-	-	-	-	698,000
Drainage assessments	-	174,363	-	-	-
Due from other governments	-	-	36,478	-	-
Total assets	<u>\$ 8,658</u>	<u>\$ 223,207</u>	<u>\$ 37,393</u>	<u>\$ 11,588</u>	<u>\$ 879,137</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,489	\$ 1,262	\$ -	\$ -	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	698,000
Other	-	174,363	-	-	-
Total liabilities	<u>3,489</u>	<u>175,625</u>	<u>-</u>	<u>-</u>	<u>698,000</u>
Fund balances:					
Restricted for:					
Debt service	-	-	-	-	179,500
Capital projects	-	-	-	-	-
Conservation purposes	-	-	-	11,588	-
Other purposes	5,169	47,582	37,393	-	1,637
Total fund balances	<u>5,169</u>	<u>47,582</u>	<u>37,393</u>	<u>11,588</u>	<u>181,137</u>
Total liabilities and fund balances	<u>\$ 8,658</u>	<u>\$ 223,207</u>	<u>\$ 37,393</u>	<u>\$ 11,588</u>	<u>\$ 879,137</u>

See accompanying independent auditor's report.

			<u>Debt Service</u>			
<u>County Attorney Collections</u>	<u>County Sheriff Forfeiture</u>	<u>County Attorney Forfeiture</u>	<u>Debt Service Sinking</u>	<u>Capital Projects</u>	<u>Total</u>	
\$ 35,884	\$ 2,856	\$ 8,984	\$ 42,223	\$ 123,817	\$ 464,906	
-	-	-	-	-	698,000	
-	-	-	-	-	174,363	
-	-	-	-	-	36,478	
<u>\$ 35,884</u>	<u>\$ 2,856</u>	<u>\$ 8,984</u>	<u>\$ 42,223</u>	<u>\$ 123,817</u>	<u>\$ 1,373,747</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,751	
-	-	-	-	-	698,000	
-	-	-	-	-	174,363	
-	-	-	-	-	877,114	
-	-	-	42,223	-	221,723	
-	-	-	-	123,817	123,817	
-	-	-	-	-	11,588	
35,884	2,856	8,984	-	-	139,505	
<u>35,884</u>	<u>2,856</u>	<u>8,984</u>	<u>42,223</u>	<u>123,817</u>	<u>496,633</u>	
<u>\$ 35,884</u>	<u>\$ 2,856</u>	<u>\$ 8,984</u>	<u>\$ 42,223</u>	<u>\$ 123,817</u>	<u>\$ 1,373,747</u>	

IOWA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	Special Revenue				
	County Recorder's Records Management	Drainage Districts	Hotel/ Motel Tax	Resource Enhancement and Protection	Tax Increment Financing
Revenues:					
Property and other County tax	\$ -	\$ -	\$ 139,891	\$ -	\$ 717,307
Intergovernmental	-	-	-	11,350	-
Charges for service	3,612	-	-	-	-
Use of money and property	122	826	-	59	764
Miscellaneous	-	71,619	-	-	-
Total revenues	<u>3,734</u>	<u>72,445</u>	<u>139,891</u>	<u>11,409</u>	<u>718,071</u>
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	131,500	-	14,641
Government services to residents	11,698	-	-	-	-
Non-program	-	126,583	-	-	-
Debt service	-	-	50,374	-	702,000
Capital projects	-	-	-	-	-
Total expenditures	<u>11,698</u>	<u>126,583</u>	<u>181,874</u>	<u>-</u>	<u>716,641</u>
Excess (deficiency) of revenues over (under) expenditures	(7,964)	(54,138)	(41,983)	11,409	1,430
Other financing sources:					
Interfund transfers in	-	-	-	-	-
Drainage warrants issued	-	30,000	-	-	-
Total other financing sources	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(7,964)	(24,138)	(41,983)	11,409	1,430
Fund balances beginning of year	<u>13,133</u>	<u>71,720</u>	<u>79,376</u>	<u>179</u>	<u>179,707</u>
Fund balances end of year	<u>\$ 5,169</u>	<u>\$ 47,582</u>	<u>\$ 37,393</u>	<u>\$ 11,588</u>	<u>\$ 181,137</u>

See accompanying independent auditor's report.

			<u>Debt Service</u>			
<u>County Attorney Collections</u>	<u>County Sheriff Forfeiture</u>	<u>County Attorney Forfeiture</u>	<u>Debt Service Sinking</u>	<u>Capital Projects</u>	<u>Total</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	857,198
16,240	-	-	-	-	-	27,590
-	-	-	-	-	-	3,612
-	-	-	-	-	-	1,771
-	-	-	-	-	-	71,619
16,240	-	-	-	-	-	961,790
11,199	-	5,889	-	-	-	17,088
-	-	-	-	-	-	146,141
-	-	-	-	-	-	11,698
-	-	-	-	-	-	126,583
-	-	-	87,638	-	-	840,012
-	-	-	-	66,741	-	66,741
11,199	-	5,889	87,638	66,741	-	1,208,263
5,041	-	(5,889)	(87,638)	(66,741)	-	(246,473)
-	-	-	87,638	-	-	87,638
-	-	-	-	-	-	30,000
-	-	-	87,638	-	-	117,638
5,041	-	(5,889)	-	(66,741)	-	(128,835)
30,843	2,856	14,873	42,223	190,558	-	625,468
<u>\$ 35,884</u>	<u>\$ 2,856</u>	<u>\$ 8,984</u>	<u>\$ 42,223</u>	<u>\$ 123,817</u>	<u>\$ -</u>	<u>496,633</u>

IOWA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2012

	County Offices			Agricultural Extension Education	County Assessor
	County Auditor	County Recorder	County Sheriff		
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ -	2,042	\$ 540,782
Other County officials	1,743	65	27,274	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	587	847
Succeeding year	-	-	-	198,000	286,000
Accounts	-	-	-	295	425
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	9,350
Total assets	\$ <u>1,743</u>	\$ <u>65</u>	\$ <u>27,274</u>	\$ <u>200,924</u>	\$ <u>837,404</u>
LIABILITIES					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	\$ 315
Salaries and benefits payable	-	-	-	-	-
Due to other governments	-	15	-	200,924	826,594
Trusts payable	1,743	-	27,274	-	-
Compensated absences	-	-	-	-	10,495
Total liabilities	\$ <u>1,743</u>	\$ <u>65</u>	\$ <u>27,274</u>	\$ <u>200,924</u>	\$ <u>837,404</u>

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 152,593	\$ 9,678	\$ 31,798	\$ 3,989	\$ 10,518	\$ 350,533	\$ 31
-	-	-	-	-	-	-
33,263	2,420	8,942	999	-	-	7
11,463,000	826,000	4,154,000	261,000	-	-	2,000
17,026	1,211	9,228	240	-	-	4
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,665,882</u>	<u>\$ 839,309</u>	<u>\$ 4,203,968</u>	<u>\$ 266,228</u>	<u>\$ 10,518</u>	<u>\$ 350,533</u>	<u>\$ 2,042</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
11,665,882	839,309	4,203,968	266,228	10,518	350,533	2,042
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,665,882</u>	<u>\$ 839,309</u>	<u>\$ 4,203,968</u>	<u>\$ 266,228</u>	<u>\$ 10,518</u>	<u>\$ 350,533</u>	<u>\$ 2,042</u>

IOWA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2012

	Emergency Management	Fire Districts	Amana Land Use District	Sanitary Districts	E-911 Service Commission
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ 64,277	\$ 620	\$ 75	\$ 129	\$ 24,182
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	146	-	3	-
Succeeding year	-	93,000	24,000	27,000	-
Accounts	14,968	143	31	46	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	\$ <u>79,245</u>	\$ <u>93,909</u>	\$ <u>24,106</u>	\$ <u>27,178</u>	\$ <u>24,182</u>
LIABILITIES					
Accounts payable	\$ 1,093	\$ -	\$ -	\$ -	-
Salaries and benefits payable	257	-	-	-	-
Due to other governments	77,895	93,909	24,106	27,178	24,182
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	\$ <u>79,245</u>	\$ <u>93,909</u>	\$ <u>24,106</u>	\$ <u>27,178</u>	\$ <u>24,182</u>

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Advance Tax Payments</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 28,232	\$ 4,306	\$ 575	\$ 1,224,360
-	-	-	29,082
-	-	-	47,214
-	-	-	17,334,000
11,470	-	-	55,087
9,335	-	-	9,335
10,485	-	-	19,835
<u>\$ 59,522</u>	<u>\$ 4,306</u>	<u>\$ 575</u>	<u>\$ 18,718,913</u>
\$ 178	\$ -	\$ -	\$ 1,636
-	-	-	257
29,770	-	575	18,643,628
-	4,306	-	33,323
29,574	-	-	40,069
<u>\$ 59,522</u>	<u>\$ 4,306</u>	<u>\$ 575</u>	<u>\$ 18,718,913</u>

IOWA COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2012

	County Offices			Agricultural	
	County Auditor	County Recorder	County Sheriff	Extension Education	County Assessor
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 1,778	\$ 104	\$ 12,099	\$ 152,998	\$ 811,055
Additions:					
Property and other County tax	-	-	-	198,633	288,207
State tax credits	-	-	-	5,705	13,526
Payments in lieu of taxes	-	-	-	59	141
E-911 surcharge	-	-	-	-	-
Office fees and collections	199	311,162	97,891	-	3,279
Auto licenses, use tax, drivers licenses and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,158	-	244,416	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,357	311,162	342,307	204,397	305,153
Deductions:					
Agency remittances:					
To other funds	199	130,233	93,161	-	-
To other governments	-	180,968	4,730	156,471	278,804
Trusts paid out	1,193	-	229,241	-	-
Total deductions	1,392	311,201	327,132	156,471	278,804
Balances end of year	\$ 1,743	\$ 65	\$ 27,274	\$ 200,924	\$ 837,404

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ <u>11,558,122</u>	\$ <u>741,478</u>	\$ <u>4,142,888</u>	\$ <u>250,648</u>	\$ <u>1,078</u>	\$ <u>367,707</u>	\$ <u>2,048</u>
11,524,157	830,339	4,104,559	260,616	-	-	2,285
422,263	26,925	94,644	10,044	-	-	86
4,928	277	-	155	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,038,882	-
-	-	-	-	25,911	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,951,348</u>	<u>857,541</u>	<u>4,199,203</u>	<u>270,815</u>	<u>25,911</u>	<u>5,038,882</u>	<u>2,372</u>
-	-	-	-	-	188,965	-
11,843,588	759,710	4,138,123	255,235	16,471	4,867,091	2,378
-	-	-	-	-	-	-
<u>11,843,588</u>	<u>759,710</u>	<u>4,138,123</u>	<u>255,235</u>	<u>16,471</u>	<u>5,056,056</u>	<u>2,378</u>
\$ <u><u>11,665,882</u></u>	\$ <u><u>839,309</u></u>	\$ <u><u>4,203,968</u></u>	\$ <u><u>266,228</u></u>	\$ <u><u>10,518</u></u>	\$ <u><u>350,533</u></u>	\$ <u><u>2,042</u></u>

IOWA COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2012

	<u>Tax Sale Redemption</u>	<u>Emergency Management</u>	<u>Fire Districts</u>	<u>Amana Land Use District</u>	<u>Sanitary Districts</u>
ASSETS AND LIABILITIES					
Balances beginning of year	\$ -	\$ 63,436	\$ 90,107	\$ 23,174	\$ 25,282
Additions:					
Property and other County tax	-	-	93,558	24,380	27,427
State tax credits	-	-	2,477	404	541
Payments in lieu of taxes	-	-	-	-	-
E-911 surcharge	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	239,832	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	82,545	-	-	-
Total additions	<u>239,832</u>	<u>82,545</u>	<u>96,035</u>	<u>24,784</u>	<u>27,968</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	-	66,736	92,233	23,852	26,072
Trusts paid out	239,832	-	-	-	-
Total deductions	<u>239,832</u>	<u>66,736</u>	<u>92,233</u>	<u>23,852</u>	<u>26,072</u>
Balances end of year	\$ -	\$ 79,245	\$ 93,909	\$ 24,106	\$ 27,178

See accompanying independent auditor's report.

<u>E-911 Service Commission</u>	<u>E-911 Surcharge</u>	<u>Advance Tax Payments</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ <u>40,181</u>	\$ <u>89,821</u>	\$ <u>2,076</u>	\$ <u>1,777</u>	\$ <u>18,377,857</u>
-	-	-	-	17,354,161
-	-	-	-	576,615
-	-	-	-	5,561
-	114,492	-	-	114,492
-	-	-	-	412,531
-	-	-	-	5,038,882
-	-	-	-	25,911
-	-	4,306	-	489,712
-	450	-	-	450
16,216	-	-	3,612	102,373
<u>16,216</u>	<u>114,942</u>	<u>4,306</u>	<u>3,612</u>	<u>24,120,688</u>
-	-	-	-	412,558
32,215	145,241	-	4,814	22,894,732
-	-	2,076	-	472,342
<u>32,215</u>	<u>145,241</u>	<u>2,076</u>	<u>4,814</u>	<u>23,779,632</u>
\$ <u><u>24,182</u></u>	\$ <u><u>59,522</u></u>	\$ <u><u>4,306</u></u>	\$ <u><u>575</u></u>	\$ <u><u>18,718,913</u></u>

IOWA COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis			
	2012	2011	2010	2009
Revenues:				
Property and other County tax	\$ 8,979,193	7,525,850	\$ 7,377,962	\$ 7,461,591
Interest and penalty on property tax	43,783	50,594	45,390	56,589
Intergovernmental	5,732,671	5,924,223	5,272,407	6,328,434
Licenses and permits	26,436	29,690	25,507	18,100
Charges for service	953,117	1,093,925	993,983	1,170,681
Use of money and property	283,795	254,889	268,509	301,895
Miscellaneous	350,196	312,120	501,378	185,810
Total	<u>\$ 16,369,191</u>	<u>\$ 15,191,291</u>	<u>\$ 14,485,136</u>	<u>\$ 15,523,100</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,819,196	2,706,729	\$ 2,537,151	\$ 2,524,634
Physical health and social services	991,875	923,084	919,194	871,838
Mental health	1,705,557	1,360,006	1,367,876	1,452,258
County environment and education	839,174	2,419,601	949,211	830,792
Roads and transportation	6,302,316	5,820,614	5,916,003	5,211,265
Government services to residents	539,793	499,370	479,952	501,638
Administration	1,336,546	1,364,085	1,449,401	1,597,978
Non-program	126,583	187,494	190,429	76,415
Debt service	1,413,358	716,198	683,200	637,401
Capital projects	290,695	538,821	1,305,702	1,500,085
Total	<u>\$ 16,365,093</u>	<u>\$ 16,536,002</u>	<u>\$ 15,798,119</u>	<u>\$ 15,204,304</u>

See accompanying independent auditor's report.

	2008	2007	2006	2005
\$	7,245,194	6,943,983	\$ 6,293,213	\$ 5,879,521
	43,903	36,148	47,596	48,015
	4,878,531	4,523,156	4,584,343	4,658,429
	22,187	22,781	25,019	27,564
	1,150,724	917,274	620,082	564,676
	338,794	386,007	269,755	193,916
	133,561	211,248	240,539	331,444
\$	<u>13,812,894</u>	<u>\$ 13,040,597</u>	<u>\$ 12,080,547</u>	<u>\$ 11,703,565</u>
\$	2,395,981	2,230,252	\$ 2,011,920	\$ 1,965,078
	881,465	883,818	732,988	694,344
	1,363,008	1,257,582	1,107,579	1,318,859
	849,655	805,655	702,160	649,767
	4,944,517	4,511,452	4,508,846	4,159,481
	478,394	418,822	515,189	373,975
	1,434,640	1,556,446	1,263,849	1,084,618
	183,658	32,190	11,060	-
	602,983	447,999	336,669	254,652
	1,256,646	740,215	3,379,498	2,230,125
\$	<u>14,390,947</u>	<u>\$ 12,884,431</u>	<u>\$ 14,569,758</u>	<u>\$ 12,730,899</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Iowa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated February 27, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Iowa County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Iowa County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-B-12 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-12 and I-C-12 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Iowa County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Iowa County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa County and other parties to whom Iowa County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
February 27, 2013

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2012

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Recorder, Sheriff
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Recorder, Sheriff, Treasurer

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by the initials or signature of the reviewer and the date of the review.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2012

Part I: Findings Related to the Basic Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

I-A-12 Segregation of Duties (continued)

Responses –

County Recorder – We will review procedures and try to make any necessary changes to improve internal control.

County Sheriff - We will review procedures and try to make any necessary changes to improve internal control.

County Treasurer – We will review procedures and try to make any necessary changes to improve internal control.

Conclusion – Responses accepted.

I-B-12 Financial Reporting – During the audit, we identified material amounts of payables and prepaid expenses not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables and prepaid expenses are identified and included in the County's financial statements.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

I-C-12 Untimely Receipting/Apportioning – We noted in our testing of receipts that the hotel/motel tax received in June, 2012 was not recorded until July, 2012. In addition, the State of Iowa tax credit for the Elderly Credit was received in June, 2012 but not recorded until July, 2012 and not apportioned until August, 2012.

Recommendation – These receipts were automatically deposited by the State of Iowa to the County's bank account. However, the Treasurer was unable to determine the purpose of the deposits and delayed the recording of the receipt until that purpose was discovered. The County should implement control procedures to determine the purpose of and properly record all deposits on a timely basis in the future and to timely apportion all State of Iowa tax credits received.

Response – We will properly research and determine the purpose of all ACH deposits on a timely basis in the future.

Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-12 Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amount budgeted in the roads and transportation function. Disbursements did not exceed departmental appropriations.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

- II-B-12 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

- II-C-12 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- II-D-12 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Brian Miller Excavating, owned by spouse of Auditor Kristen Miller	Drainage, water line repairs	\$4,502

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transaction with the spouse of Auditor Miller does not represent a conflict of interest since it was entered into through competitive processes.

- II-E-12 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.

- II-F-12 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting (continued):

- II-G-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted. However, the County has \$1,981,730 invested in U.S. Treasury Note State and Local Government Series securities that is being held by the County’s fiscal agent in relation to general obligation crossover refunding bonds issued during the year ended June 30, 2012. Although this investment is allowed by the Code of Iowa, the County’s adopted investment policy prohibits investments in government securities.

Recommendation – The County should either amend the County’s investment policy to include investments in U.S. Treasury and related securities or direct the fiscal agent to invest the funds in allowable County investments.

Response – We will properly amend our investment policy as needed.

Conclusion – Response accepted.

- II-H-12 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- II-I-12 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.

- II-J-12 Debt Service Payments – We noted in our testing of long-term debt payments that some of those payments were made from the roads and transportation and non-program functions rather than the debt service function. This understates the actual debt service function amounts paid to retire County obligations as these obligations mature and overstates the functional expenses in areas not directly related to debt service.

Recommendation – The County should properly account for all debt service payments in the proper function to insure more accurate financial reporting.

Response – We will look at this and make any necessary changes in the future.

Conclusion – Response accepted.